

Message Text

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PAGE 01 THE HA 04705 241443Z
ACTION EUR-12

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FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 3226

C O N F I D E N T I A L THE HAGUE 4705

E.O. 11652: GDS
TAGS: PGOV, NL
SUBJECT: PARLIAMENTARY DEBATE OF ECONOMIC POLICY

1. IN A CONVERSATION AUGUST 23 THEO JOEKES, LIBERAL PARTY (VVD) MEMBER OF THE SECOND CHAMBER AND CHAIRMAN OF THE CHAMBER'S FINANCE COMMITTEE, CHARACTERIZED THE COMING DEBATE ON THE GOVERNMENT'S PROPOSALS TO REDUCE THE RATE OF INCREASE OF GOVERNMENT EXPENDITURES AS VERY IMPORTANT BECAUSE THEY WILL SET THE PATTERN FOR DUTCH ECONOMIC POLICY OVER THE NEXT THREE YEARS. THESE PROPOSALS ARE AN ATTEMPT TO BEGIN TO CHANGE THE DIRECTION OF THAT POLICY FROM EVER-INCREASING PUBLIC EXPENDITURE TO INCREASED EMPHASIS ON THE PRIVATE SECTOR. WHETHER THIS ATTEMPT WILL BE SUCCESSFUL DEPENDS ON TWO UN-ANSWERED QUESTIONS: A) WILL THE TRADE UNIONS ACCEPT OR AT LEAST NOT OPPOSE THE PROPOSALS? AND B) WHAT WILL THE PRIVATE SECTOR DO WITH THE ADDITIONAL TEN BILLION GUILDERS WHICH THE PROPOSALS WILL DIVERT FROM GOVERNMENT SPENDING?

2. JOEKES SAID HIS PARTY WILL PROBABLY BE THE FOCUS OF LABOR PARTY ATTACKS SINCE THE PROPOSALS ARE EXPECTED TO CHARACTERIZE THE VVD AS BEING RESPONSIBLE FOR WHAT WILL BE DEPICTED AS A SHIFT IN EMPHASIS FROM THE COMMON GOOD TO THE PRIVATE SECTOR. HE ACKNOWLEDGED THAT THIS CHARGE
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PAGE 02 THE HA 04705 241443Z

IS ESSENTIALLY CORRECT AND SAID THE LIBERALS ARE GLAD TO ACCEPT RESPONSIBILITY FOR A CHANGE OF DIRECTION. JOEKES WAS EMPHATIC IN EMPHASIZING THAT THE LIBERALS WILL STAND FAST BEHIND THE GOVERNMENT PROPOSALS AND ARE, IN FACT, WILLING TO BRING DOWN THE GOVERNMENT IF THE PROPOSED TEN BILLION REDUCTION IN GOVERNMENT EXPENDITURES IS NOT ACCEPTED.
(COMMENT: WHAT ELSE COULD HE SAY? BUT POLITICS REMAINS

POLITICS, EVEN HERE.)

3. MEMCON FOLLOWS.

JOSEPH

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NNN

Message Attributes

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